

- Retail sales up 1.2% in July
- Wholesale sales jump 3.1% in July, as the sector continues to surge
- BC households spent \$509 million shopping online in 2003

## The Economy

- Sales by retailers in the province were robust in July, increasing 1.2% (seasonally adjusted) over the June level. BC was the only province to see strong growth in retail sales at the beginning of the summer. Nationally, sales rose 0.5%, with modest gains made in Ontario (+0.3%) and Quebec (+0.5%). Cash registers rang in 0.8% more sales in both Alberta and New Brunswick, but retail business was slow in other parts of the country.

In British Columbia, retailers of computer & software products, automobiles, building materials and hardware had a busy month in July, boosting the overall performance of the province's retail sector.

*Data Source: Statistics Canada*

- Wholesale sales in BC jumped 3.1% (seasonally adjusted) in July, following strong growth (+0.9%) in the previous month. As was the case in the retail industry, BC was the only province to record a significant increase in the value of sales. Total Canadian sales were virtually unchanged (+0.1%) from the June level. Quebec (+1.6%) and Nova Scotia (+1.0%) were the only provinces other than BC where wholesale activity increased in July.

Sales in BC were up more or less across the board. Wholesalers of lumber and millwork, metal and "other" products posted particularly strong increases.

*Data Source: Statistics Canada*

- Sawmills and planing mills in the province upped their production 16.5% in June, compared to the same month last year. Year-to-date, the volume of production was 4.1% higher than in the first six months of 2003. Both coastal (+20.1%) and interior mills (+15.8%) were busy in June. However, the volume of lumber produced at BC's coastal mills so far this year was 5.4% lower than in the first half of 2003. Mills in

the interior (+6.1%) have had a better year.

*Data Source: SC, Catalogue 35-003-XIB*

## E-commerce

- British Columbians spent just over half a billion dollars shopping online in 2003, 20% more than in the previous year. Nearly 17% of all Internet purchases in Canada were made by BC households, more than in any other province except Ontario, which accounted for 46% of total spending. Residents of Alberta (\$384 million, or 13% of the Canadian total) and Quebec (\$345 million, or 11%) also spent substantial amounts shopping online. Canadian online purchases totalled \$3 billion in 2003.

E-commerce continues to represent a rather miniscule share of total spending by consumers. In BC, the total value of retail sales in this province was \$44 billion in 2003. However, the e-commerce sector has been making big gains. With a growing number of households making purchases online, it seems clear that Canadians are becoming more comfortable with the idea of Internet shopping.

Those who do make purchases spend quite a lot of money—BC households that made online purchases put in an average of 6.8 orders with a total value of \$1,011 in 2003. This is substantially more than in 2001, when average spending was \$915 per household, for 5.6 online purchases. Albertans were the biggest online spenders, racking up an average bill of \$1,101 (for 6.4 orders) per e-commerce household last year. Nationally, the typical Canadian online purchaser spent \$956 for 6.7 e-purchases in 2003.

*Data Source: Statistics Canada*

- Canadian households shopping online (including those that didn't actually make any purchases) were most likely to be looking for clothing, jewellery and accessories (29%), housewares (28%) or consumer electronics

Did you know...

The average British Columbian generated 936 kg of waste in 2002, nearly 30% of which was recycled or re-used.

(25%). The most common online purchases were books, magazines and newspapers, with 30% of e-commerce households spending money on reading materials. About 22% used the Internet to make travel arrangements, up from 18% the year before. Seventeen percent spent money on clothing, jewellery and accessories. Almost 20% of e-commerce households bought digital products (products such as software or music that were delivered in digital form to the purchaser's computer) in 2003, spending an average of \$180 on these products. The number of households purchasing consumer electronics (+86%), DVDs and videos (+68%) increased substantially during 2003. *Data Source: Statistics Canada*

- **Not surprisingly, households with high-speed Internet connections were the most likely to make purchases online.** British Columbia, which has the highest rate of Internet use (from home) in the country (62% of households, compared to a national average of 54%), also has the biggest share of households with high-speed connections—77%. Nationally, just under two-thirds (65%) of households have high-speed access to the Internet. Some 80% of BC households that shop online have high-speed access. This compares to 72% nationally.

*Data Source: Statistics Canada*

#### Connectivity in Canadian Schools

- **Nearly 98% of Canadian elementary and secondary schools were connected to the Internet in 2003/04, as were most (93%) of the computers in the schools.** Typically, there were about five students to a school computer, and 5.5 for each computer that was wired to the Internet.

In BC, 98% of schools were connected to the Internet, but a smaller share (91%) of the computers in those schools had Internet access capabilities. Manitoba (89%) and Nunavut (88%) were the only regions where proportionally fewer school computers were wired in to the Net. The student to computer ratio in BC was equal to the national average.

*Data Source: Statistics Canada, Catalogue 56F0004MIE*

#### Nonprofit Institutions & Volunteering

- **New estimates from Statistics Canada show**

**that nonprofit institutions and volunteers make a substantial contribution to the Canadian economy.** In 1997, the GDP of the nonprofit sector (including volunteers) was estimated at \$57 billion (nearly 9% of Canada's GDP), making it 50% bigger than the retail industry, and eleven times larger than the auto sector. Even when volunteer activities are excluded, the nonprofit sector remains a force to be reckoned with, generating about 7% of the nation's GDP in 1997.

Hospitals, universities and colleges accounted for the lion's share (63%) of nonprofit activities in Canada (\$39.0 billion). Other important components of the non-profit sector include social services, culture & recreation, development & housing, religion, business & professional associations & unions, and health.

While institutions rely heavily on government funding (51%), the rest of the nonprofit sector looks to other sources for its income. Sales of goods and services are the most important source of revenue for this group (43%), followed by government transfers (21%), membership fees (16%) and transfers from households (14%). Spending patterns are quite different: wages and salaries account for two-thirds of the spending by institutions, but other organizations spend more on goods and services (50%) than on labour compensation (44%).

Canadian households contributed a total of \$5.7 billion in donations to the nonprofit sector in 1997, and another \$14.1 billion in unpaid volunteer services (measured at replacement cost).

*Data Source: SC, Catalogue 13-015-XIE*

#### Environment Industry

- **Canada's environment industry earned \$15.8 billion in revenues from environmental goods, services and environment-related construction projects in 2002, up 8% from the level in 2000.** The environment industry includes businesses that make goods and services used to measure, prevent, limit or correct damage to water, air and soil. In Canada, there were 7,967 such firms in 2002.

*Data Source: Statistics Canada*

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Contact: Lillian Hallin (250) 387-0366

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## Federal spending in the provinces: who benefits, who pays?

### Paying for social services

Under the Canadian constitution, the federal government's ability to raise funds through taxation is substantially greater than that of provincial governments. At the same time, responsibility for certain key areas, including the provision of health care, education and social services, rests with the provinces.

When the nation was founded, and for most of its first century, these expenditures represented a much smaller drain on the public purse than they do today, since there was no universal publicly funded health care system, and government was less involved in providing education and social services.

In order to compensate for the inequity between responsibility and the ability to pay, a system of intergovernmental transfers has evolved, in which the federal government, with its enhanced ability to raise funds, transfers some of that (actual or potential) income back to the provincial governments. This has been done through direct transfers, as well as by ceding tax room to the provinces (limiting the federal government's take, thus leaving more room for the provinces to raise funds directly by taxing individuals or corporations).

Health care and education services currently account for some 59%<sup>1</sup> of the spending of the provincial government sector<sup>2</sup> in BC, an amount

that is slightly higher than the national average (55%). Including social services, three-quarters (74%) of all spending by the provincial government sector in British Columbia goes to pay for health care, education and social services. The average for all regions in Canada is 72%. Federally, health care, education and social services together account for about 43% of total budgetary expenditures—even more (59%) if general purpose transfers to the provinces are included.

### Intergovernmental transfers as a policy tool

The intergovernmental transfer system is a tool that is often used by the federal government to further its policy aims. For example, the fact that the federal government is contributing toward the cost of providing health care services gives it a considerable amount of leverage when it comes to determining how these services are delivered. The threat of withholding federal funding for some social programs has, in the past, been used by the federal government to push provinces to revisit policy decisions that it views with disfavour.

At the same time, an explicit goal of redistributing income from wealthier provinces to those in more straitened circumstances, has led to the development of complex mechanisms to ensure that Canadians in all parts of the country have access to equivalent levels of government services. With British Columbia's recent re-entry<sup>3</sup> into the ranks of the "have-not" provinces (those which receive Equalization payments from the federal government), the issue of how these payments are determined has gained prominence. Other policy goals such as fostering regional economic development and promoting the use of official languages are also considerations that

<sup>1</sup> Data quoted in this article comes from Statistics Canada's Catalogue 13-213. 2001 is the latest year for which estimates of government spending are available for all provinces. BC Stats has estimated data for 2002 and 2003, but these are available for BC and Canada only. Data on expenditures by function are from the Public Institutions Division of Statistics Canada. All estimates are in current dollars.

<sup>2</sup> The provincial government sector includes government ministries & agencies, autonomous boards & commissions, universities & colleges, and health & social service institutions that are funded by government. The federal

government sector includes the military as well as government ministries and agencies.

<sup>3</sup> In 1999, BC received equalization payments from the federal government for the first time since 1962.

influence the flow of funds from the federal government to the provinces.

Transfers are not the only policy tool available to the federal government. It also makes decisions about investment in infrastructure, the distribution of defence and other major contracts, and discretionary spending on goods and services (including where government offices or agencies are located). In a country that is as large and diverse as Canada, these choices can have a profound effect on regional economies.

## Who pays for, and who gains from, federal spending in the regions?

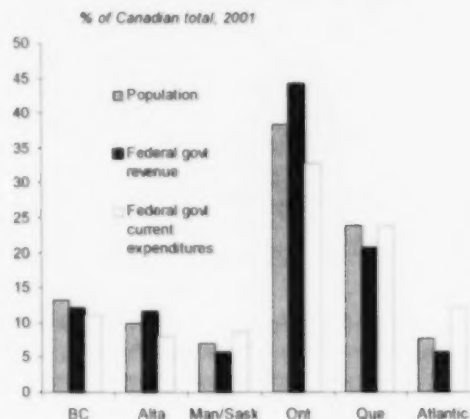
Are federal government expenditures allocated "fairly" across provinces, or do some regions benefit more than others from the activities of the central government? This has long been a contentious issue, not least because fairness is not necessarily the goal of federal spending. Still, the question of who pays for, and who gains from, federal spending in the regions is important. If the relative balance among the provinces is changing, that could signal either the success of specific policy goals, or a need to re-evaluate them in the face of shifting economic conditions.

Data on federal spending in the provinces cannot be compared directly. Given the disparate sizes of the provinces, it is necessary to normalize expenditure data before making inter-provincial comparisons. Since a province's ability to raise revenue, and the demand for services such as health care and education is closely tied to the size of the population, one would expect that per capita spending on these services should, all other things being equal, be similar across provinces. In this article, comparisons among provinces are therefore made on a per capita basis.

Where is the money going? A comparison of revenue, expenditure and population shares among the provinces reveals that there were significant regional differences in 2001. Two provinces—Alberta and Ontario—contributed substantially more than their population share to federal government coffers, and received proportionally less in the way of federal gov-

ernment spending on goods, services, and transfers to individuals<sup>4</sup>.

**BC is unique among the regions, contributing less than its population share to the federal coffers, but receiving even less back**



Data Source: Statistics Canada

Figure 1

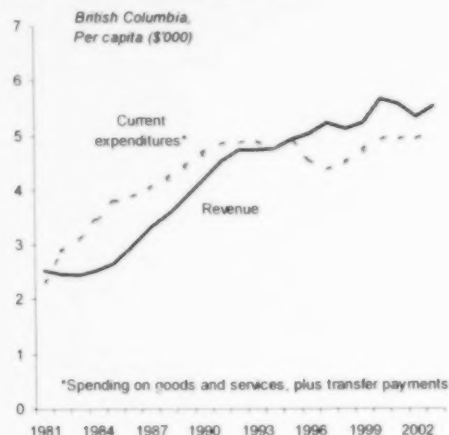
At the other end of the spectrum was Atlantic Canada, which received a much bigger piece of the spending pie (12%) than its share of the population (8%), while generating just 6% of total federal revenues. Saskatchewan and Manitoba were also net beneficiaries of federal government spending. Quebec's share of total federal spending (24%) was about the same as its population share (24%), but it generated proportionally less revenues (21%) for the federal government.

BC is unique among the regions. Elsewhere in Canada, a lower-than-average contribution to federal revenues is associated with proportionally higher federal government spending. In contrast, British Columbia contributed less to, and received less from, the federal government's coffers than its share of the population. In 2001, the province's share of the Canadian population was 13%. Individuals and corporations generated 12% of total federal revenues, while 11% of federal spending went to BC.

<sup>4</sup> Investment in fixed capital (e.g., infrastructure) is not included in these figures. However, it accounts for a relatively small share of total spending. Including fixed capital has virtually no effect on spending proportions.

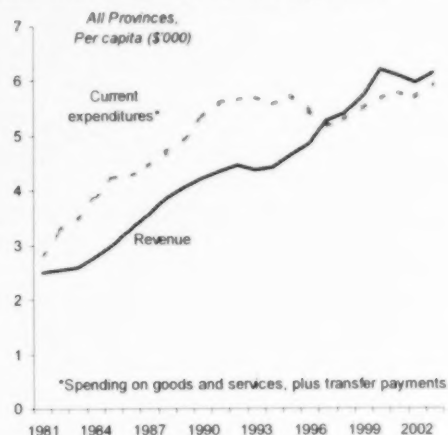


**Per capita revenues from the province continue to increase, while spending by the federal government has tapered off**



Data Source: Statistics Canada and BC Stats  
Figure 2

**Nationally, per capita federal spending has kept pace with long-run revenue growth**



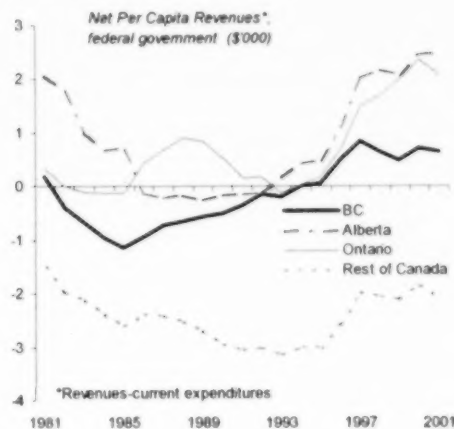
Data Source: Statistics Canada and BC Stats  
Figure 3

Is this a recent phenomenon? British Columbia has only recently been designated a have-not province, and it is possible that federal government efforts to level the playing field among provinces have not yet had a chance to kick in on the west coast. However, the data suggests that the discrepancy pre-dates BC's re-entry into the ranks of have-not provinces. On a per capita

basis, federal government revenues from the province have been climbing steadily throughout the last two decades. It is spending by the federal government that has failed to keep pace with population growth in British Columbia.

The 1980s were a period of expansion, and systemic deficits, for governments in all parts of the country. A more restrained approach to public spending was adopted by many governments in the 1990s in response to pressure from the public, who were beginning to see persistent deficits, and a burgeoning public debt, as cause for concern. At the same time, international organizations such as the International Monetary Fund were also starting to express concerns about Canada's growing debt load.

**BC, together with Alberta and Ontario, has been a net donor to the federal coffers since the mid 1990s**



Data Source: Statistics Canada and BC Stats  
Figure 4

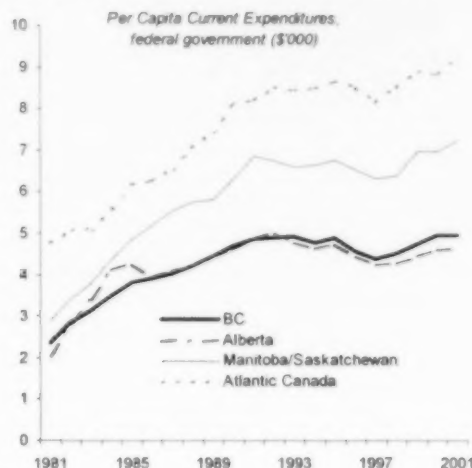
The balance shifted in the 1990s, with the federal government moving from a situation of deficit spending to one of modest surpluses as it took steps to deal with the situation. This was accomplished by continuing to increase revenues while adopting a more conservative approach to spending. A low interest rate environment also helped by keeping the lid on public debt interest charges.

The effects of a more cautious approach to federal expenditures were not evenly felt among the regions. Overall, per capita federal revenues have risen only slightly more than spending since 1981, but the increase in net per capita revenues has been largely focussed in three provinces: Alberta, Ontario and BC<sup>5</sup>. These provinces, which were all experiencing relatively strong population growth during the 1990s, were made subject to spending caps on federal government transfers for health care, education and social services. The spending caps, which did not affect other provinces, came into effect when the federal government revamped the mechanism for transferring funds to the provinces in the mid-1990s.

In British Columbia, the gap between per capita federal revenues and expenditures that opened up in the mid-1990s remains large. Ontario and Alberta have seen an even greater shift. However, those provinces experienced solid economic growth during the 1990s while BC's economy has been less robust.

On a per capita basis, Atlantic Canada receives about twice as much from the federal government (in terms of total spending) as do Alberta and BC. Manitoba and Saskatchewan also get a substantial boost from federal government expenditures. Per capita spending in Ontario is slightly higher than in BC, but below the national average, while spending in Quebec is roughly equal to the national average.

The federal government spends twice as much, per capita, in Atlantic Canada as in BC



Data Source: Statistics Canada and BC Stats

Figure 5

What is the source of the imbalance between revenues and expenditures in BC? The next two sections examine where federal revenues come from and where the dollars are being spent.

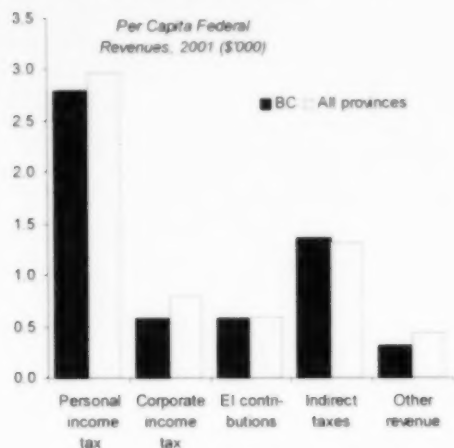
## Where do the revenues come from?

Federal government revenues come from four main sources: personal income taxes; corporation income taxes; indirect taxes such as customs and excise duties or the Goods & Services Tax (GST); and employer and employee contributions to social insurance plans (such as Employment Insurance). The federal government also receives some income from investments (about two-thirds of which are profits of federal crown corporations).

By far the most important source of revenue for the federal government is personal income tax, which accounted for just under half (49%) of all federal government receipts in 2001. Indirect taxes generated another 22% of the federal government's income in that year.

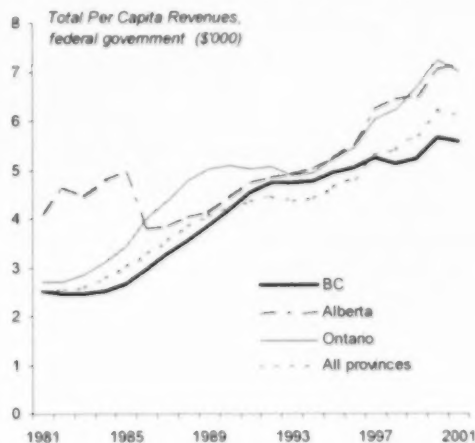
<sup>5</sup> On a per capita basis, net expenditures in Atlantic Canada, Manitoba and Saskatchewan are at about the same level as in the mid-1990s. Net current expenditures in Quebec have declined, but the province still receives more than it contributes.

## British Columbians pay less federal income tax, but more indirect taxes per capita, than the national average



Data Source: Statistics Canada and BC Stats  
Figure 6

## Since 1997, per capita federal revenues from BC have been below the national average



Data Source: Statistics Canada and BC Stats  
Figure 7

Seven out of every 10 dollars in indirect tax revenue for the federal government came from the GST. Corporate income tax (13%) and employer and employee contributions to social insurance plans (10%) were other important sources of income for the federal government.

On a per capita basis, British Columbians paid less income and corporation taxes than the national average, but spent more on federal indirect taxes in 2001. This is, in part, a reflection of spending patterns and prices in the province. BC consumers spent an average of \$20,900 on goods and services in 2001, more than residents of any other province except Ontario (\$21,030) and Alberta (\$22,070).

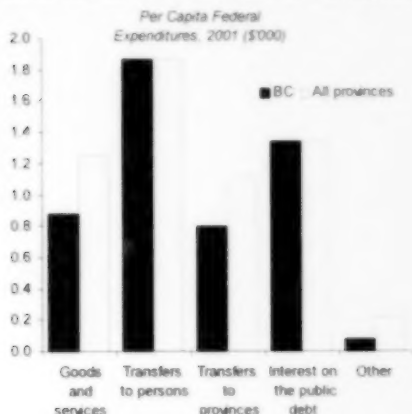
Higher spending is associated with higher indirect tax revenues, and the per capita GST bill for all spending (business and personal) in the province was about \$51 more than the Canadian average (\$927) in 2001. Housing costs play a role in this, since GST applies to the full purchase price of new housing built in the province. With some of the most expensive real estate in Canada, British Columbians who buy newly constructed homes are contributing more to the federal coffers than they would be if they purchased similar residences in other parts of the country.

A relatively slow-growing economy has kept the lid on income growth in BC, particularly for corporations. Per capita federal government income tax revenues from the province have increased during the last two decades, but not as fast as in other regions.

## Where does the money go?

There are four main types of expenditures made by the federal government: transfers to individuals (pension payments such as Old Age Security, as well as Child Tax Benefits, Employment Insurance and various types of government grants); current expenditures on goods and services (wages, salaries and day-to-day spending on government operations); transfers to provincial governments; and interest on the public debt. Other, less significant, expenditure items include transfers to local governments and subsidies and capital transfers to businesses.

## The federal government purchases less goods and services in BC than in other regions



Data Source: Statistics Canada

Figure 8

### Transfers to individuals

Transfers to individuals are the single biggest component of federal government spending, accounting for \$58 billion (32%) of the \$180 billion of current expenditures made by the federal government sector in 2001. In British Columbia, federal government spending totalled just over \$20 billion, of which nearly \$8 billion was transfer payments to individuals.

### Federal government transfers average more than \$2,500 per person in Atlantic Canada and parts of the Prairies



Data Source: Statistics Canada and BC Stats

Figure 9

BC residents received an average of \$1,860 in transfer income (mainly old age security, employment insurance and child tax benefits) in 2001. This was about the same as the national average but substantially lower than the amounts received by residents of Atlantic Canada (\$2,710) and the prairie provinces of Manitoba and Saskatchewan (\$2,530). Per capita federal transfers to individuals in Quebec (\$1,970) were also higher than the national average (\$1,870). Average transfer income from the federal government was lowest in Ontario (\$1,570) and Alberta (\$1,600). Since transfers are largely intended to provide income support to individuals and families in target groups, it is hardly surprising that the biggest share of spending, relative to the population, goes to the poorest regions of the country.

Federal government transfers to individuals in British Columbia have increased at about the same rate as for the country as a whole since the early 1990s. In contrast, per capita spending in Atlantic Canada has risen substantially more during the last two decades, as has spending in Manitoba and Saskatchewan.

### Interest on the public debt

Interest on the public debt is the second biggest expenditure category (23% of total current expenditures) for the federal government, with an average of \$1,340 per person spent on interest payments in 2001. Since the public debt is largely held by individuals and businesses that purchase government bonds and other financial instruments, interest on the public debt is allocated to the provinces based on population, so there is no variation among the regions.

### Current expenditures on goods and services

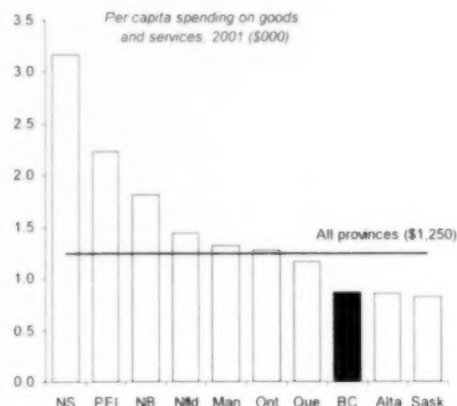
British Columbia does not fare as well when it comes to current expenditures on goods and services. These include the day-to-day operations of government as well as military spending, and primarily consist of wages and salaries paid to civil servants, operating costs for government buildings, and depreciation of fixed capital. Purchases of goods and services from the private sector would be included in this category as long as they are payments for current services rather than investments in capital



equipment. Some of these expenditures are discretionary; in other cases, the pattern of expenditures reflects the location of government offices within the country.

Goods and services account for about 22% (\$1,250 per person) of total federal government spending<sup>6</sup>. In BC, the figure is lower, at \$870 per person, representing 18% of total federal spending in the province. Atlantic Canada receives a proportionally larger share of federal spending on goods and services than the other provinces. On a per capita basis, Manitoba, Ontario and Quebec see roughly similar amounts of federal spending on goods and services. Saskatchewan, Alberta and BC are the provinces where the federal government spends the least.

## Federal per capita spending on goods and services is lowest in BC, Alberta and Saskatchewan

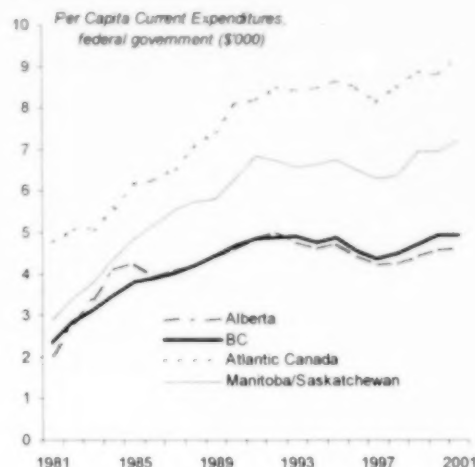


Data Source: Statistics Canada and BC Stats  
Figure 10

The disparity in per capita spending is partly related to the existence of military bases on the east coast, especially in Nova Scotia and New Brunswick. In 2001, some 13% of all Canadian military personnel were located in Nova Scotia, with another 6% in New Brunswick. Defense spending was also an important factor in Manitoba, home to about 5% of all military personnel. Together, these three provinces have 9% of the Canadian population.

<sup>6</sup> Excluding investment in fixed capital

## Per capita spending on goods and services is highest in Atlantic Canada



Data Source: Statistics Canada and BC Stats  
Figure 11

Federal government offices also provide a boost to local economies on the east coast, and in central Canada. About two-thirds of federal government employees (excluding those in the military) work in Quebec (21%) and Ontario (42%), many of them in the Ottawa area, where a large number of government offices are located<sup>7</sup>. Relative to the population, federal government employment in Nova Scotia (5%) and New Brunswick (3%) is also quite high. Given the strong military and federal government presence in eastern Canada, the fact that per capita spending on goods and service in those regions is relatively high is not surprising.

Although the disparity between the westernmost provinces and the rest of Canada is not a recent phenomenon, the gap between BC, Alberta and Saskatchewan, and the rest of Canada has been increasing over time. In BC, this is partly due to the closure of some military operations in the province during the 1990s.

<sup>7</sup> About 30% of federal government (including military) employees are located in and around Ottawa.

## *Transfers to provincial governments*

Transfers to provincial governments, including those earmarked<sup>8</sup> for healthcare, education and social programs, make up about 19% (or \$1,110 per person) of the federal government's current expenditures. In BC, the proportion is lower, at about 16% (\$790 per capita).

Transfers from the federal government to the provinces are primarily intended to pay for health and social services, but also include payments to promote other policy goals of the federal government. These include funding for regional economic development and for programs to promote official languages. However, the bulk (\$2.3 billion of the \$3.1 billion in transfers received by the BC government in 2001) of the transfer income is intended to cover the cost of providing health, education and social services. The federal government has, in the past, also served as a tax collector for provincial income tax programs, and payments made by the federal government to the provinces have included tax revenues collected on behalf of the provinces.

The federal government has been retreating from its efforts to support regional economic expansion in some provinces, with funding for this purpose declining substantially during the last two decades. In 1981, BC received about \$10 per person for regional economic development initiatives; by 2001, per capita spending had fallen to \$1. Canadian spending declined from \$14 per capita to \$1 per capita over the same period.

## **Winners and losers: which provinces fill the federal coffers?**

The discussion in the previous sections has focussed on current expenditures by the federal government. What happens when investment in fixed capital—infrastructure, defence equipment, and so on—is factored in? The answer is that the picture remains virtually unchanged<sup>9</sup>. As figure 12 illustrates, revenues substantially exceed per capita spending in Alberta, Ontario and BC. The rest of Canada receives more from the federal government than it sends to it.

During the last two decades, two provinces, Alberta and Ontario, have consistently contributed significantly more, per person, to the federal government than they have received back from it. British Columbia's net per capita contribution, though smaller, has been increasing at the same time that the province has slipped back into the ranks of the "have-nots".

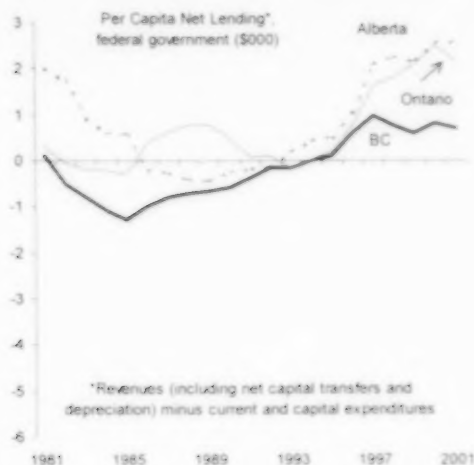
There are many reasons for spending decisions made by the federal government, and equal treatment of the provinces is not necessarily the main criterion that is used. The redistribution of income from wealthier provinces to those in need is, in the minds of many Canadians, a desirable policy goal, and one of the defining characteristics of our national identity, as is a publicly funded and universal health care system.

The conundrum for this province is that although it no longer fits into the category of a "wealthy" province, it is still a net contributor to the federal coffers. This suggests that if income redistribution is the goal of federal spending policies, the current mechanism may not be working as was intended. Some would argue that a wealthy province can afford to be a net contributor to the federal coffers. It is harder to make that case for a province that is receiving Equalization payments.

<sup>8</sup> Since 1996, most federal government transfers to the provinces are no longer earmarked for specific programs, but are general purpose transfers to be used at the discretion of the provinces.

<sup>9</sup> In 2001, current expenditures by the federal government were \$180 billion. Investment in fixed capital totalled \$3.8 billion.

Alberta, Ontario and to a lesser extent BC generate more net revenues, on a per capita basis, than the other provinces do



Quebec, Manitoba, Saskatchewan and Atlantic Canada benefit the most from federal government largesse



Data Source: Statistics Canada and BC Stats

Figure 12



fax transmission information service from **BC STATS**



Email transmission information service from **BC STATS**



also on the Internet at [www.bcstats.gov.bc.ca](http://www.bcstats.gov.bc.ca)

## BC at a glance . . .

<b>POPULATION (thousands)</b>		
	Apr 1/04	% change on one year ago
BC	4,177.4	1.0
Canada	31,825.4	0.9
<b>GDP and INCOME</b>		
(BC - at market prices)	2003	% change on one year ago
Gross Domestic Product (GDP) (\$ millions)	142,418	5.1
GDP (\$ 1997 millions)	130,914	2.2
GDP (\$ 1997 per Capita)	31,572	1.4
Personal Disposable Income (\$ 1997 per Capita)	19,495	-0.4
<b>TRADE (\$ millions, seasonally adjusted)</b>		
		% change on prev. month
Manufacturing Shipments - Jul	3,595	1.2
Merchandise Exports - Jul	2,820	0.4
Retail Sales - Jul	3,964	1.2
<b>CONSUMER PRICE INDEX</b>		
(all items - 1992=100)	Aug '04	12-month avg % change
BC	123.3	1.8
Canada	124.8	1.7
<b>LABOUR FORCE (thousands)</b>		
(seasonally adjusted)	Aug '04	% change on prev. month
Labour Force - BC	2,239	-0.3
Employed - BC	2,067	-0.7
Unemployed - BC	172	5.4
		Jul '04
Unemployment Rate - BC (percent)	7.7	7.3
Unemployment Rate - Canada (percent)	7.2	7.2
<b>INTEREST RATES (percent)</b>		
	Sep 22/04	Sep 24/03
Prime Business Rate	4.00	4.50
Conventional Mortgages - 1 year	4.80	4.55
- 5 year	6.40	6.30
<b>US/CANADA EXCHANGE RATE</b>		
	Sep 22/04	Sep 24/03
(avg. noon spot rate) Cdn \$	1.2817	1.3543
US \$ (reciprocal of the closing rate)	0.7789	0.7410
<b>AVERAGE WEEKLY WAGE RATE</b>		
(industrial aggregate - dollars)	Aug '04	% change on one year ago
BC	690.10	0.4
Canada	682.29	2.4
<b>SOURCES:</b>		
Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada		
Interest Rates, Exchange Rates Bank of Canada Weekly Financial Statistics		
For latest Weekly Financial Statistics see <a href="http://www.bankofcanada.ca">www.bankofcanada.ca</a>		

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### Next week

- Business Indicators, September 2004
- Current Statistics, September 2004